

REMARKS/ARGUMENTS

Claims 1-40 were pending in this application. Claims 1, 10, 18, 26, and 34 have been amended. Claims 2, 11, 19, and 27 have been cancelled. No new claims have been added. Hence, claims 1, 3-10, 12-18, 20-26, and 28-40 remain pending. Reconsideration of the subject application as amended is respectfully requested.

Claim Rejections Under 35 U.S.C. § 101

Claims 1-9 and 26-40 stand rejected under 35 U.S.C. § 101 as being allegedly directed to non-statutory subject matter. The Office Action alleges that these claims “lack a tangible result. In order to be a tangible result, the process must produce a real-world result.” (Office Action, page 2). The Office Action alleges that “ ‘rebalancing said index by reallocating index components when the risk associated with said index deviates from said constant target level of risk, thereby at least substantially maintaining a specified level of risk’ . . . is not considered tangible because it could be considered to be merely an algorithm and therefore abstract or merely encompassed in thoughts.” Applicant respectfully disagrees with this position.

According to *MPEP* § 2106(IV)(C)(2)(b), which discusses a “tangible result” in the context of statutory subject matter, “The tangible requirement does not necessarily mean that a claim must either be tied to a particular machine or apparatus or must operate to change articles or materials to a different state or thing.” In this sense, the claims of the present application “set forth a practical application . . . to produce a real-world result.” *Id.* Applicant respectfully asserts that an index, such as, for example, a financial index, is indeed a real-world phenomena consisting of markets where investors buy and sell, and in which a substantial amount of money is at stake. Rebalancing an index, such as, for example, rebalancing an index “by reallocating index components when the risk associated with said index rises above said upper level of risk or drops below said lower level of risk, thereby at least substantially maintaining the risk associated with said index...” indeed provides a tangible and real-world result, by reallocating index components to conform to a target level of risk.

The possibility that the claimed systems or methods might utilize an algorithm does not change the fact that the claims as recited produce a tangible and real-world result: “that the claimed process ‘transformed’ data from one ‘form’ to another simply confirmed that

Arrhythmia's method claims satisfied § 101 because the mathematical algorithm included within the process was applied to *produce a number which had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction.*" *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1359 (Fed. Cir. 1999) (emphasis added). Applicant respectfully asserts that the claims of the present application fall well within the U.S. Court of Appeals for the Federal Circuit's judicial interpretation of the tangibility element of 35 U.S.C. § 101.

For at least these reasons, claims 1-9 and 34-40 are believed to be directed to statutory subject matter; Applicant therefore respectfully requests withdrawal of the claim rejections under 35 U.S.C. § 101.

Claim Rejections Under 35 U.S.C. § 103(a)

Claims 1, 2, 4-7, 10-15, 18-23, 26-31 and 34-38 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the cited portions of U.S. Patent No. 7,062,458 to Maggioncalda, *et al.* (hereinafter "Maggioncalda"), in view of the cited portions of U.S. Patent Publication No. 2003/0208427 to Peters, *et al.* (hereinafter "Peters").

Applicant has amended claim 1 to include limitations which were previously recited in claim 2, and cancelled claim 2. Claim 1 now recites, *inter alia*, "implementing a risk band to delimit a constant lower level of risk below said target level of risk and a constant upper level of risk above said target level of risk of said index" and "rebalancing said index by reallocating index components when the risk associated with said index rises above said upper level of risk or drops below said lower level of risk . . ." Applicant respectfully asserts that neither Maggioncalda, nor Peters, nor their combination, teaches or suggests at least these claim limitations.

The Office Action (page 5) points to column 32, line 53 through column 33, line 15 and FIG. 10B of Maggioncalda as allegedly supplying this claim element. However, at most, Maggioncalda appears to discuss a risk slider bar to assist a user in selecting a risk tolerance (Maggioncalda col. 32, line 48) for input, rather than "a risk band" whereby index components are reallocated based on the risk band. The endpoints of the Maggioncalda risk slider bar are "calibrated based upon the set of financial products that are available to the user" in order to

“assure every position of the risk slider is within the feasible set of risk available to the user.” (Maggioncalda col. 32, lines 60-63).

Thus, the endpoints of the Maggioncalda risk slider bar represent the highest and lowest possible values for risk based on a user’s feasible portfolio, which assist the user in selecting a single risk value by sliding the bar. The Maggioncalda risk slider bar appears to be simply an input mechanism, and nothing more. Once the user has selected a risk tolerance using the Maggioncalda risk slider bar, the endpoints of the risk slider bar do not appear to play any role whatsoever in a rebalancing or reallocation. Claim 1, on the other hand, requires “a risk band to delimit a constant lower level of risk below said target level of risk and a constant upper level of risk above said target level of risk of said index” and “rebalancing said index by reallocating index components when the risk associated with said index rises above said upper level of risk or drops below said lower level of risk . . .” By definition, the risk of a feasible portfolio according to Maggioncalda could never exceed the upper end of the risk band or fall below the lower end of the risk band. Peters also fails to teach or suggest at least these limitations which Maggioncalda lacks. For at least the aforementioned reasons, claim 1 is believed to be patentable over the combination of Maggioncalda and Peters.

Independent claims 10, 18, 26, and 34 have also been amended to recite similar limitations, and are therefore believed to be patentable over Maggioncalda and Peters for at least the same reasons described with respect to claim 1. Claims 3-9 which properly depend from and include each limitation of claim 1, claims 12-17 which properly depend from and include each limitation of claim 10, claims 20-25 which properly depend from and include each limitation of claim 18, claims 28-33 which properly depend from and include each limitation of claim 26, and claims 35-40 which properly depend from and include each limitation of claim 34 are believed to be patentable over Maggioncalda and Peters for at least the same reasons described with respect to claim 1. Applicant therefore respectfully requests withdrawal of the claim rejections under 35 U.S.C. § 103(a).

CONCLUSION

In conclusion, all of the claims remaining in this application should now be seen to be in condition for allowance. A prompt notice to that effect is respectfully solicited. If there are any remaining questions, the Examiner is requested to contact the undersigned at the number listed below.

No fee is believed to be necessary. Should any fee be required, the Commissioner is authorized to charge our Deposit Account No. 06-0029 and notify us of the same.

Respectfully submitted,

FAEGRE & BENSON LLP

By: /Benjamin S. Fernandez/
Benjamin S. Fernandez
Reg. No. 55,172
(303) 607-3500
Customer No.: 35657

Dated: June 5, 2007